

31-3030

FINANCIAL STATEMENTS

VILLAGE OF LAKE LINDEN, MICHIGAN

February 29, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>LAKE LINDEN MI 49946</b>	County <b>HOUGHTON</b>
Audit Date <b>2/29/04</b>	Opinion Date <b>7/9/04</b>	Date Accountant Report Submitted to State: <b>8/15/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

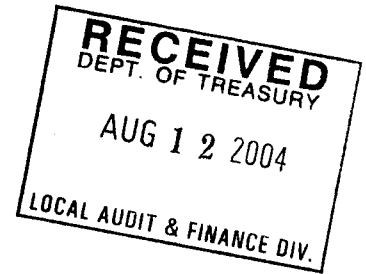
	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>JUTILA, JORGENSEN, &amp; ASSOCIATES PC</b>			
Street Address <b>P.O. BOX 175</b>		City <b>HOUGHTON</b>	State <b>MI</b>
Accountant Signature <i>Michael J. Jutila, C.P.A.</i>		ZIP <b>49931</b>	Date <b>8-5-04</b>

**Jutila, Jorgenson and Associates, P.C.**

P.O. Box 175  
Houghton, Michigan 49931  
July 9, 2004

Village Council  
Village of Lake Linden  
Lake Linden, Michigan 49945



**Independent Auditor's Report**

We have audited the accompanying general-purpose financial statements of the VILLAGE OF LAKE LINDEN, MICHIGAN as of February 29, 2004 and February 28, 2003 and for the years then ended. These general purpose financial statements are the responsibility of the VILLAGE OF LAKE LINDEN'S management. Our responsibility is to express an opinion on these general purposes financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the VILLAGE OF LAKE LINDEN, MICHIGAN at February 29, 2004 and February 28, 2003 and the results of its operations and changes in fund equity and the cash flows of individual proprietary funds for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated July 9, 2004, on our consideration of the VILLAGE OF LAKE LINDEN, MICHIGAN'S internal control structure and its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The supplemental financial information listed in the table of contents is presented for purposes of additional analyses and is not a required part of the general-purpose financial statements of the VILLAGE OF LAKE LINDEN, MICHIGAN. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Michael J. Jutala, CPA.*

Michael J. Jutala  
Certified Public Accountant  
Jutala, Jorgenson & Associates, P.C.

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**General Purpose Financial Statements**

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**All Fund Types and Discretely Presented Component Units**  
**Combined Balance Sheet**  
**AS OF FEBRUARY 29, 2004**

	Governmental Fund Types			Proprietorship
	General Fund	Special Revenue Funds	Special Sewer Assessment Fund	Enterprise Funds
<b>ASSETS</b>				
Cash	\$ 51,227	\$ 87,449	\$ -	\$ 10,177
Receivables (net of allowance for doubtful accounts):				
Taxes	16,869	5,535	-	31,220
Accounts	9,934	-	-	-
Due from other governmental units	49,952	21,361	-	-
Loans	-	823	-	-
Special assessments	-	-	22,741	-
Due from other funds	37,695	-	-	-
Due from primary government	-	-	-	3,706
Due from component unit	885	368	-	-
Inventories	4,385	-	-	70
Prepaid expense	-	-	-	10,452
Restricted cash	-	-	-	-
Land held for development	30,178	-	-	25,165
Property, plant, and equipment	-	-	-	-
Less accumulated depreciation	-	-	-	1,969,651
Amount to be provided for retirement of long-term debt	-	-	-	416,273
<b>TOTAL ASSETS</b>	<b>\$ 201,125</b>	<b>\$ 115,536</b>	<b>\$ 22,741</b>	<b>\$ 1,634,168</b>
<b>LIABILITIES</b>				
Accounts and retainage payable	\$ 21,985	\$ 234	\$ -	\$ 3,944
Salaries payable	3,133	1,430	-	296
Interest payable	-	-	-	11,927
Current maturities on long-term debt	-	-	-	30,000
Bonds and contracts payable net of current maturities	-	-	-	1,115,000
Due to other governmental units	-	-	22,741	-
Due to other funds	3,543	16,349	-	6,448
Due to component unit	-	-	-	-
Due to primary government	-	-	-	-
Deferred revenue	16,869	5,535	-	-
Accrued compensated absences payable	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ 45,530</b>	<b>\$ 23,548</b>	<b>\$ 22,741</b>	<b>\$ 1,167,615</b>
<b>FUND EQUITY</b>				
Contributed capital	\$ -	\$ -	\$ -	\$ 20,000
Investments in fixed assets	-	-	-	-
Retained earnings	-	-	-	-
Fund balance:				446,553
Reserved	34,563	823	-	-
Unreserved	121,032	91,165	-	-
<b>TOTAL FUND EQUITY</b>	<b>\$ 155,595</b>	<b>\$ 91,988</b>	<b>\$ -</b>	<b>\$ 466,553</b>
	<b>\$ 201,125</b>	<b>\$ 115,536</b>	<b>\$ 22,741</b>	<b>\$ 1,634,168</b>

*\*\*The accompanying notes to financial statements are an integral part of this statement*



Fund Types Internal Service	Account Groups		Total (Memorandum Only)	Discrete Component Unit	Totals (Memorandum Only) Reporting Entity		
	Equipment Fund	General Fixed Assets	General Long-Term Debt		Primary Government	2004	2003
106,365	\$ -	\$ -	\$ 255,218	\$ 27,960	\$ 283,178	\$ 476,001	
-	-	-	22,404	-	22,404	31,721	
-	-	-	41,154	-	41,154	40,732	
-	-	-	71,313	-	71,313	79,569	
-	-	-	823	-	823	823	
12,585	-	-	22,741	-	22,741	29,366	
-	-	-	53,986	-	53,986	36,104	
-	-	-	-	-	-	-	
-	-	-	1,323	-	1,323	-	
2,615	-	-	14,837	-	14,837	19,407	
-	-	-	2,615	-	2,615	2,615	
-	-	-	25,165	-	25,165	95,787	
521,954	760,734	-	30,178	-	30,178	31,357	
373,589	-	-	3,252,399	-	3,252,339	3,160,795	
-	-	46,500	798,862	-	789,862	752,748	
269,930	\$ 760,734	\$ 46,500	46,500	-	46,500	51,493	
			\$ 3,050,734	\$ 27,960	\$ 3,078,694	\$ 3,303,022	
2,360	\$ -	\$ -	\$ 28,523	\$ -	\$ 28,523	\$ 32,839	
275	-	-	5,134	-	5,134	4,938	
-	-	-	11,927	-	11,927	12,266	
-	-	-	30,000	-	30,000	40,648	
-	-	-	1,115,000	-	1,115,000	1,145,000	
27,646	-	-	22,741	-	22,741	29,366	
-	-	-	53,986	-	53,986	36,104	
-	-	-	-	-	-	-	
-	-	-	22,404	1,323	1,323	-	
-	-	46,500	46,500	-	22,404	31,721	
30,281	\$ -	\$ 46,500	\$ 1,336,215	\$ 1,323	46,500	51,493	
					\$ 1,337,538	\$ 1,384,375	
40,347	\$ -	\$ -	\$ 60,347	\$ -	\$ 60,347	\$ 60,347	
-	760,734	-	760,734	-	760,734	715,525	
199,302	-	-	645,855	-	645,855	652,024	
-	-	-	35,386	-	35,386	39,635	
-	-	-	212,197	-	238,834	451,116	
239,649	\$ 760,734	\$ -	\$ 1,714,519	\$ 26,637	\$ 1,741,156	\$ 1,918,647	
269,930	\$ 760,734	\$ -	\$ 3,050,734	\$ 27,960	\$ 3,078,694	\$ 3,303,022	

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**All Governmental Fund Types and Component**  
**Combined Statement of Revenues, Expenditures and Change in**  
**Balance**  
**YEAR ENDED FEBRUARY 29, 2004**

		Governmental Fund Types	
		General Fund	Special Revenue Funds
Revenues:			
Taxes		\$ 98,105	\$ 46,517
State grants		151,290	111,790
Interest and rents		-	3,426
Charges for services		27,394	-
Other revenue		87,650	-
<b>TOTAL REVENUE</b>		<b>\$ 364,439</b>	<b>\$ 161,733</b>
Expenditures:			
Legislative		\$ 6,407	\$ -
General government		74,396	3,684
Public safety		87,057	-
Public works		23,775	241,955
Recreation and culture		120,579	-
Other expenditures		200,862	-
<b>TOTAL EXPENDITURES</b>		<b>\$ 513,076</b>	<b>\$ 245,639</b>
<b>EXCESS OF REVENUES (EXPENDITURES)</b>		<b>\$ (148,637)</b>	<b>\$ (83,906)</b>
State trunkline maintenance -			
Excess of revenues (expenditures)		\$ -	\$ (2,325)
Other financing sources (uses) :			
Operating transfers from other funds		\$ 30,000	\$ -
Operating transfers from component unit		10,000	-
Operating transfers to other funds		-	-
Operating transfers to primary government		-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<b>\$ 40,000</b>	<b>\$ -</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)</b>		<b>\$ (108,637)</b>	<b>\$ (86,231)</b>
FUND BALANCE BEGINNING OF YEAR		264,232	178,219
<b>FUND BALANCE, END OF YEAR</b>		<b>\$ 155,595</b>	<b>\$ 91,988</b>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**S  
Fund**

**VILLAGE OF LAKE LINDEN, MICHIGAN**

(Memorandum Only)

Special Assessment Funds	Primary Government	Discrete Component Units	Reporting Entity	
			2004	2003
-	\$ 144,622	\$ 23,767	\$ 168,389	\$ 151,641
-	263,080	-	263,080	303,976
1,585	5,011	1,364	6,375	8,183
-	27,394	-	27,394	33,741
-	87,650	-	87,650	79,368
<u>1,585</u>	<u>\$ 527,757</u>	<u>\$ 25,131</u>	<u>\$ 552,888</u>	<u>\$ 576,909</u>
-	\$ 6,407	\$ -	\$ 6,407	\$ 6,493
-	78,080	437	78,517	74,313
-	87,057	-	87,057	89,159
-	265,730	-	265,730	172,482
-	120,579	33,107	153,686	120,826
1,585	202,447	1,250	203,697	231,158
<u>1,585</u>	<u>\$ 760,300</u>	<u>\$ 34,794</u>	<u>\$ 795,094</u>	<u>\$ 694,431</u>
-	\$ (232,543)	\$ (9,663)	\$ (242,206)	\$ (117,522)
-	\$ (2,325)	\$ -	\$ (2,325)	\$ (7,392)
-	\$ 30,000	\$ -	\$ 30,000	\$ 279,540
-	10,000	-	10,000	16,403
-	-	-	-	-
-	-	(10,000)	(10,000)	(16,403)
-	\$ 40,000	\$ (10,000)	\$ 30,000	\$ 279,540
-	\$ (194,868)	\$ (19,663)	\$ (214,531)	\$ 154,626
-	442,451	46,300	488,751	334,125
<u>-</u>	<u>\$ 247,583</u>	<u>\$ 26,637</u>	<u>\$ 274,220</u>	<u>\$ 488,751</u>

**General and Special Revenue Fund Types**  
**Combined Statement of Revenues, Expenditures, and Change**  
**Balance**

**BUDGET AND ACTUAL**  
**YEAR ENDED FEBRUARY 29, 2004**

		General Fund	
		Budget	Actual
Revenues:			
Taxes		\$ 96,050	\$ 98,105
State grants		155,700	151,290
Interest and rents		-	-
Charges for services		23,000	27,394
Other revenue		82,730	87,650
<b>TOTAL REVENUE</b>		<b>\$ 357,480</b>	<b>\$ 364,439</b>
Expenditures:			
Legislative		\$ 6,400	\$ 6,407
General government administration		81,700	74,396
Public safety		93,600	87,057
Public works		23,800	23,775
Recreation and culture		118,100	120,579
Other expenditures		185,350	200,862
<b>TOTAL EXPENDITURES</b>		<b>\$ 508,950</b>	<b>\$ 513,076</b>
<b>EXCESS OF REVENUES (EXPENDITURES)</b>		<b>\$ (151,470)</b>	<b>\$ (148,637)</b>
State trunkline maintenance -			
Excess of revenues (expenditures)		\$ -	\$ -
Other financing sources (uses) :			
Operating transfers from other funds		\$ 45,000	\$ 30,000
Operating transfers from component unit		10,000	10,000
Operating transfers to other funds		-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<b>\$ 55,000</b>	<b>\$ 40,000</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES</b>			
<b>(EXPENDITURES AND OTHER USES)</b>		<b>\$ (96,470)</b>	<b>\$ (108,637)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<b>264,232</b>
<b>FUND BALANCE, END OF YEAR</b>			<b>\$ 155,595</b>

**\*\*The accompanying notes to financial statements are an integral part of this statement**

es in Fund

Favorable (Unfavorable)	Special Revenue Funds		
	Budget	Actual	Favorable (Unfavorable)
\$ 2,055	\$ 45,700	\$ 46,517	\$ 817
(4,410)	100,550	111,790	11,240
-	2,500	3,426	926
4,394	-	-	-
4,920	-	-	-
<u>\$ 6,959</u>	<u>\$ 148,750</u>	<u>\$ 161,733</u>	<u>\$ 12,983</u>
\$ (7)	\$ -	\$ -	\$ -
7,304	4,050	3,684	366
6,543	-	-	-
25	234,500	241,955	(7,455)
(2,479)	-	-	-
(15,512)	-	-	-
<u>\$ (4,126)</u>	<u>\$ 238,550</u>	<u>\$ 245,639</u>	<u>\$ (7,089)</u>
<u>\$ 2,833</u>	<u>\$ (89,800)</u>	<u>\$ (83,906)</u>	<u>\$ 5,894</u>
<u>\$ -</u>	<u>\$ 13,550</u>	<u>\$ (2,325)</u>	<u>\$ (15,875)</u>
			\$ -
\$ (15,000)	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
<u>\$ (15,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (12,167)</u>	<u>\$ (76,250)</u>	<u>\$ 86,231</u>	<u>\$ (9,981)</u>
		178,219	
		<u>\$ 91,988</u>	

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**Proprietary Fund Types**  
**Combined Statement of Revenues and Expenses**  
**YEAR ENDED FEBRUARY 29, 2004**

	Enterprise Funds	Internal Service Equipment Fund	Totals (Memorandum Only)	
			2004	2003
Operating revenues:				
Charges for services	\$ 184,731	\$ 145,643	\$ 330,374	\$ 359,854
Operating expenses:				
Operating expenses less depreciation	\$ 167,891	\$ 51,802	\$ 219,693	\$ 183,562
Depreciation	40,719	18,760	59,479	60,488
	<u>\$ 208,610</u>	<u>\$ 70,562</u>	<u>\$ 279,172</u>	<u>\$ 244,050</u>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<u>\$ (23,879)</u>	<u>\$ 75,081</u>	<u>\$ 51,202</u>	<u>\$ 115,804</u>
Non-operating income	\$ 1,010	\$ 948	\$ 1,958	\$ 5,834
Non-operating expense	\$ 29,032	\$ 297	\$ 29,329	\$ 29,264
<b>EXCESS OF REVENUE (EXPENSES)</b>	<u>\$ (51,901)</u>	<u>\$ 75,732</u>	<u>\$ 23,831</u>	<u>\$ 92,374</u>
Other financing sources (uses) :				
Operating transfers in	\$ 12,111	\$ -	\$ 12,111	\$ 14,682
Operating transfers out	-	(42,111)	(42,111)	(294,222)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 12,111</u>	<u>\$ (42,111)</u>	<u>\$ (30,000)</u>	<u>\$ (279,540)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (39,790)</u>	<u>\$ 33,621</u>	<u>\$ (6,169)</u>	<u>\$ (187,166)</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**PROPRIETARY FUND TYPES**  
**Combined Analysis of Changes in Fund Equity**  
**YEAR ENDED FEBRUARY 29, 2004**

	Enterprise Funds	Internal Service Equipment Fund	Totals (Memorandum Only)	
			2004	2003
<b><u>CONTRIBUTED CAPITAL</u></b>				
Capital grants -				
Balance, beginning and end of year	\$ 20,000	\$ -	\$ 20,000	\$ 20,000
Residual equity contributions -				
Balance, beginning and end of year	-	40,347	40,347	40,347
	<u>\$ 20,000</u>	<u>\$ 40,347</u>	<u>\$ 60,347</u>	<u>\$ 60,347</u>
<b><u>RETAINED EARNINGS</u></b>				
Balance, beginning of year	\$ 486,343	\$ 165,681	\$ 652,024	\$ 839,190
Add -				
Net income (loss) for the year	(39,790)	33,621	(6,169)	(187,166)
	<u>\$ 446,553</u>	<u>\$ 199,302</u>	<u>\$ 645,855</u>	<u>\$ 652,024</u>
<b>FUND EQUITY, END OF YEAR</b>	<u><u>\$ 466,553</u></u>	<u><u>\$ 239,649</u></u>	<u><u>\$ 706,202</u></u>	<u><u>\$ 712,371</u></u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**PROPRIETARY FUND TYPES**  
**Combined Statement of Cash Flows**  
**YEAR ENDED FEBRUARY 29, 2004**

	Enterprise Funds	Internal Service Equipment Fund	Totals (Memorandum Only)	
			2004	2003
Cash flows from operating activities:				
Net income (loss) from operations	\$ (23,879)	\$ 75,081	\$ 51,202	\$ 115,804
Non-cash expenses, revenues, losses, and gains included in income -				
Depreciation	40,719	18,760	59,479	60,488
(Increase) decrease in:				
Accounts receivable	3,107	-	3,107	(2,629)
Inventory	1,500	-	1,500	5,113
Restricted cash	70,622	-	70,622	16,785
Increase (decrease) in:				
Accounts and retainage payable	(18,678)	(210)	(18,888)	(9,131)
Salaries payable	(1,035)	48	(987)	944
Interest payable	(159)	(180)	(339)	1,788
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 72,197</u>	<u>\$ 93,499</u>	<u>\$ 165,696</u>	<u>\$ 189,162</u>
Cash flows from investing activities:				
Acquisition of fixed assets	\$ (25,749)	\$ (42,951)	\$ (68,700)	\$ (112,640)
Interest income	1,010	948	1,958	5,834
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>\$ (24,739)</u>	<u>\$ (42,003)</u>	<u>\$ (66,742)</u>	<u>\$ (106,806)</u>
Cash flows from noncapital financing activities:				
(Increase) decrease in due from other funds and component unit	\$ (9,439)	\$ (474)	\$ (9,913)	\$ 148,362
Increase (decrease) in due to other funds	(2,026)	19,637	17,611	(39,371)
Operating transfers in	12,111	-	12,111	14,682
Operating transfers out	-	(42,111)	(42,111)	(294,222)
<b>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<u>\$ 646</u>	<u>\$ (22,948)</u>	<u>\$ (22,302)</u>	<u>\$ (170,549)</u>
Cash flows from capital and related financing activities:				
Reduction of long-term debt	\$ (30,000)	\$ (10,648)	\$ (40,648)	\$ (35,024)
Interest expense	(29,032)	(297)	(29,329)	(29,264)
Bond proceeds	-	-	-	67,401
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>\$ (59,032)</u>	<u>\$ (10,945)</u>	<u>\$ (69,977)</u>	<u>\$ 3,113</u>
<b>NET INCREASE (DECREASE) IN CASH DURING YEAR</b>	<u>\$ (10,928)</u>	<u>\$ 17,603</u>	<u>\$ 6,675</u>	<u>\$ (85,080)</u>
<b>CASH BEGINNING OF YEAR</b>	<u>21,105</u>	<u>88,762</u>	<u>109,867</u>	<u>194,947</u>
<b>CASH END OF YEAR</b>	<u><u>\$ 10,177</u></u>	<u><u>\$ 106,365</u></u>	<u><u>\$ 116,542</u></u>	<u><u>\$ 109,867</u></u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*



**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**Special Assessment Fund Type**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**  
**BUDGET AND ACTUAL**  
**YEAR ENDED FEBRUARY 29, 2004**

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues:			
Interest	\$ 3,000	\$ 1,585	\$ (1,485)
Expenditures:			
Transfers to other governmental units	<u>3,000</u>	1,585	<u>1,485</u>
EXCESS OF REVENUES (EXPENDITURES)	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE BEGINNING OF YEAR		-	
FUND BALANCE, END OF YEAR		<u>\$ -</u>	

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
***Downtown Development Authority***  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**Balance Sheets**

	February 29, 2004	As of February 28, 2003
<b><u>Assets</u></b>		
Cash	\$ 27,960	\$ 45,175
Due from other government units	-	3,125
	<u>\$ 27,960</u>	<u>\$ 48,300</u>
<b><u>Liabilities</u></b>		
Due to primary government	\$ 1,323	\$ -
<b><u>Fund Equity</u></b>		
Fund balance	\$ 26,637	48,300
	<u>\$ 27,960</u>	<u>\$ 48,300</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN  
DOWNTOWN DEVELOPMENT AUTHORITY  
DISCRETELY PRESENTED COMPONENT UNIT  
Statements of Revenues, Expenditures and Changes in Fund Balance**

	<u>Year Ended</u>	
	<u>February 29, 2004</u>	<u>February 28, 2003</u>
Revenues:		
Taxes	\$ 23,767	\$ 22,758
State grants	\$ -	\$ 3,125
Interest & miscellaneous	1,364	569
<b>TOTAL REVENUES</b>	<b>\$ 25,131</b>	<b>\$ 26,452</b>
Expenditures:		
Administration & planning	\$ 437	\$ 702
Capital projects	33,107	11,316
Grants	-	3,125
Miscellaneous	1,250	5,036
<b>TOTAL EXPENDITURES</b>	<b>\$ 34,794</b>	<b>\$ 20,179</b>
<b>EXCESS OF REVENUES AND (EXPENDITURES)</b>	<b>\$ (9,663)</b>	<b>\$ 6,273</b>
Other financing sources (uses) -		
Transfers to primary government	\$ (10,000)	\$ (16,403)
<b>Excess of Revenues and Other Sources (Expenditures and Other Uses)</b>	<b>\$ (19,663)</b>	<b>\$ (10,130)</b>
Fund Balance Beginning of Year	46,300	56,430
Fund Balance End of Year	<u>\$ 26,637</u>	<u>\$ 46,300</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**Notes to Financial Statements**  
**YEAR ENDED FEBRUARY 29, 2004**

**NOTE A – DESCRIPTION OF VILLAGE OPEERATIONS**

The Village was organized in 1885 and covers an area of approximately 440 acres. The 2000 census indicated a population of 1,081. The Village operates under an elected Council of seven members.

**NOTE B – SIGNIFICANT ACCOUNTING POLICIES**

The Village complies with Generally Accepted Accounting Principles (GAAP). The Village's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION**

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity" (GASB Codification Section 2100), these financial statements present the Village of Lake Linden, Michigan and its component unit. The criteria established by the GASB for determining the reporting entity include oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Based on these criteria the Torch Lake Sewage Authority and the Lake Linden Housing Commission are not component units. These entities are audited separately and copies of their audit reports can be obtained from the entities directly.

**DIRECTLY PRESENTED COMPONENT UNITS**

The Downtown Development Authority is considered to be a component unit of the Village and its financial statements are presented discretely with the Village's.

**FUND ACCOUNTING**

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements into five generic fund types and two broad fund categories as follows:

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**NOTE B - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Funds**

**General Fund**

The General Fund is the general operating fund of the village. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes.

**Special Assessment Funds**

Special Assessment Funds are used to account for the financing of public improvements or services deemed to benefit the properties against which special assessments are levied.

**Proprietary Funds**

**Enterprise Funds**

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Internal Service Funds**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Village, or to other governments, on a cost reimbursement basis.

**BASIS OF ACCOUNTING**

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are recognized when the related fund liability is incurred, if measurable.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**NOTE B - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CASH**

Deposits are carried at cost. Deposits are in two financial institutions in the name of the Village of Lake Linden, Michigan.

**SURPLUS FUNDS**

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy as required by Act 196 PA 1997 has been adopted by the board. The Village's deposits and investments are in accordance with statutory authority. All of the Village's surplus funds are in bank savings accounts and certificates of deposit.

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for deposits at year-end are as follows:

	<u>Carrying Amounts</u>		<u>Total</u>
	<u>Primary Government</u>	<u>Component Unit</u>	
Total Deposits	<u>\$ 280,383</u>	<u>\$ 27,960</u>	<u>\$ 308,343</u>
	<u>Bank Balances</u>		<u>Total</u>
	<u> </u>	<u> </u>	
Total Deposits	<u>\$ 286,000</u>	<u>\$ 21,841</u>	<u>\$ 307,840</u>

All deposits are either insured or collateralized.

**INVENTORY**

Inventory is recognized at the lower of cost (first-in; first-out) or market.

**LAND, BUILDING, AND EQUIPMENT**

All in-place water supply system facilities are capitalized in the Water Supply System Fund. Equipment items with an acquisition cost of \$100 or more, and which are not integral parts of the water supply system, are capitalized in the Equipment Fund. Fixed assets other than those capitalized in the Water Supply System Fund or the Equipment Fund, with the exception of certain non-enterprise improvements other than buildings such as roads, streets and sidewalks, and curbs and gutters, are capitalized in the General Fixed Assets Group of Accounts. In each case, the amount shown represents actual

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**NOTE B - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

historical cost, or fair market value when received as a gift. Where such information is no longer available, estimates thereof are used.

**DEPRECIATION**

Depreciation of utility plant in service (Water Supply System Fund) and equipment (Equipment Fund) is provided using the straight-line method. No depreciation is provided for other general fixed assets.

**ACCRUED EMPLOYEE SICK LEAVE AND VACATION**

The amount shown in this account reflects amounts owed to employees for accumulated vacation and sick time at the current rates of pay for such employees at February 29, 2004.

The Village's policy allows employees to accumulate sick leave up to 90 days and vacation leave on an unlimited basis. Upon termination accumulated sick and vacation leave will be paid to the employee.

**INTERFUND LOANS**

Interfund loans receivable (reported in "Due from" asset accounts) are considered "available spendable resources."

**PENSION PLAN**

The Village has a pension plan covering substantially all of its non-elected employees. Contributions made to the pension plan, which is administered by the State of Michigan, are charged to expense annually. Employees are covered as of their first day of employment, and are fully vested after ten years of continuous service. The Village has no fiduciary responsibility and no further liability for this plan other than such contributions. The Village's contribution to this plan for the year ended February 29, 2004 was \$24,556. The Village offers no post-employment benefits other than pension benefits (OPEB).

The following information has been prepared to provide the information necessary to comply with GASB Statements Number 25 and 27. Statement 25 is effective for fiscal years beginning after June 15, 1996 and Statement 27 is effective for fiscal years beginning after June 15, 1997.

All entries are based on the actuarial methods and assumptions that were used in the December 31, 1997 actuarial valuation (The last year the information was available) to determine the annual employer contribution amounts. The entry age normal actuarial method was used to determine the entries at disclosure

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**NOTE B - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

GASB 25 INFORMATION (as of 12-31-97)

Actuarial Accrued Liability	
Retirees and beneficiaries currently receiving benefits	\$ 63,583
Terminated employees not yet receiving benefits	7,794
Current Employees -	
Accumulated employee contributions including allocated investment income	268,031
Employer Financed	
Total Actuarial Accrued Liability	\$ 339,408
Net Assets Available for Benefits at Actuarial Value	225,490
(Market Value is \$251,570)	
Unfunded (Overfunded) Actuarial Accrued Liability	\$ 113,918

GASB 27 INFORMATION (as of 12-31-97)

Fiscal Year Beginning	March 1, 1999
Annual Required Contribution (ARC)	\$ 17,174
Amortization Factor Used	0.058683

**TOTAL COLUMNS ON COMBINED STATEMENTS -- OVERVIEW**

Total columns on the General Purpose Financial Statements -- Overview are captioned Memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**CAPITAL CONTRIBUTIONS**

During the year ended February 28, 1981, the Village adopted the policy of accounting for capital contributions to the several funds in accordance with Statements No. 1 and 2 of the National Council on Governmental Accounting.

Previously, no distinction was drawn between contributions of capital to a fund, either from other funds within the governmental unit or from other governmental units or other entities, whether such contributions were of "residual equity" (that is, start-up capital not intended for specific purposes and not necessarily to be repaid later, much like capital stock in a private corporation) or "capital contributions" (that is, designated by an outside source for capital expenditures, such as an E.P.A. grant for sewer improvement project construction). All such contributions were shown as increases in equity and were generally never reduced by future circumstances.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**NOTE B - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Under these pronouncements, a distinction is drawn between residual equity and capital contributions, as distinguished from each other in the preceding paragraph. Contributions of residual equity are now handled much the same as before, with reductions in that account permitted only if excess funds are returned to the original source as "returns of capital." On the other hand, capital contributions to a fund from an outside agency which have been earmarked by that agency, and not the Village, for a capital project (as in the sewer improvement project example used above), are shown in the equity section but, in proprietary funds such as the Water Supply System Fund and the Equipment Fund, the amounts are reduced by depreciation taken on the capital assets purchased with such monies.

**USE OF ESTIMATES IN FINANCIAL STATEMENTS**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE C - SEWAGE DISPOSAL SYSTEM**

The Village of Lake Linden, together with the Township of Osceola, Township of Schoolcraft, and Township of Torch Lake, entered into a contract with the County of Houghton's Department of public works to obtain the use of a sewage disposal system estimated to cost \$6,999,640. The local share of these costs is estimated at \$1,765,000.

Bonds issued by the County in the aggregate principal amount of \$1,765,000 finance the local share of the project cost. The bonds mature on May 1, 1987 through 2007, inclusive, in amounts ranging from \$45,000 to \$90,000 per year plus interest at the rate of 5%.

Special sewer assessments totaling \$427,543 have been made, of which \$420,968 plus \$293,482 interest has been collected to date and paid to the County. It is expected that revenues generated by the sewage disposal system will provide the remainder of the Village's obligation to the County.

**NOTE D - LAND HELD FOR FUTURE DEVELOPMENT**

On February 5, 1986, the Village purchased a forty-acre parcel of land from Clifford and Edna Sibilsky for future development. The land is carried on the balance sheet of the General Fund. A portion of this land has been divided into lots and sold.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

All land in the General Fund, because of its nature, was not available to finance expenditures of the current period, as of the balance sheet date and so a reserve of fund equity was established.

### **NOTE E - LONG-TERM DEBT**

The Village has authorized the issuance of \$1,200,000 general obligation tax bonds, series 2001, dated as of June 28, 2001. The bonds have been delivered on the date above to provide funds to pay the cost of construction and installation of improvements to the water supply system.

The Village received from the Michigan Municipal Bond Authority as purchaser of the bond, the sum of \$1,200,000.

Repayment of the bond is expected to be made from the proceeds from the sale of water. Repayment will begin April 1, 2002 and continue semi-annually until October 1, 2031. The interest rate on the bonds is 2.5%.

The individual long-term debt and other general long-term obligations of the Village of Lake Linden and the changes therein, may be summarized as follows:

	Balance February 28, 2003	Additions	Reductions	Balance February 29, 2004
<b><u>INTERNAL SERVICE FUND</u></b>				
<b><u>INSTALLMENT LOAN</u></b>				
Equipment	\$ 10,648	\$ -	\$ 10,648	\$ -
<b><u>WATER SYSTEM SUPPLY FUND BONDS</u></b>				
Water system improvements	\$ 1,175,000	\$ -	\$ 30,000	\$ 1,145,000
<b><u>GENERAL LONG-TERM DEBT GROUP</u></b>				
<b><u>OF ACCOUNTS</u></b>				
Accrued compensated absences payable	\$ 51,493	\$ -	\$ 4,993	\$ 46,500
TOTAL	<u>\$ 1,237,141</u>	<u>\$ -</u>	<u>\$ 45,641</u>	<u>\$ 1,191,500</u>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Maturities on long-term debt in the Water Supply System Fund are as follows:

Year ending February 28, 2005	\$ 30,000
Year ending February 28, 2006	30,000
Year ending February 28, 2007	30,000
Year ending February 28, 2008	30,000
Year ending February 28, 2009	30,000
Thereafter	995,000
<b>TOTAL</b>	<b><u>\$ 1,145,000</u></b>

### **NOTE F - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosure, as part of the General Purpose Financial Statements – Overview, of certain information concerning individual funds including:

#### **Water Supply System Fund**

To account for the provision of water services to the Village. Activities of the fund include administration, operation, and maintenance of the water system and billing and collection activities. All costs are financed through charges made to water customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

#### **Sanitation Fund**

To account for operation of the Village's garbage collection, transportation, and fees to the county landfill. This fund was established on January 1, 1999. Previously, sanitation revenue and expense were recorded as part of the general fund.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Selected financial information for business segments of enterprise funds for the year ended February 29, 2004 is presented as follows:

	Fund		
	Water Supply System	Sanitation	Total
Operating Revenues	\$ 138,037	\$ 46,694	\$ 184,731
Operating Expenses	\$ 151,345	\$ 57,265	208,610
Depreciation	\$ 40,719	\$ -	40,719
Operating Income (Loss)	\$ (13,308)	\$ (10,571)	(23,879)
Net Income (Loss)	\$ (41,330)	\$ 1,540	(39,790)
Fixed Asset Additions	\$ 25,749	\$ -	25,749
Net Working Capital	\$ 1,468	\$ 1,542	3,010
Total Assets	\$ 1,553,378	\$ 9,445	1,562,823
Total Equity	\$ 465,011	\$ 1,542	466,553

### Summary disclosures of changes in general fixed assets of the Village

	Balance March 1, 2003	Additions	Deletions	Balance March 1, 2004
Land, Buildings and Improvements	\$ 364,430	\$ 26,438	\$ -	\$ 390,868
Equipment and Improvements	351,095	18,771	-	369,866
	<u>\$ 715,525</u>	<u>\$ 45,209</u>	<u>\$ -</u>	<u>\$ 760,734</u>

### Summary of proprietary fund type property, plant and equipment

February 29, 2004 follows:

	Fund		
	Water Supply System	Equipment	Depreciable Life (yrs)
Land	\$ 11,793	\$ -	Infinite
Utility system in place	1,882,431	-	40-50
Equipment	16,076	-	10
Well development costs	59,351	-	40
Motor vehicles and equipment	-	521,954	3-20
	<u>\$ 1,969,651</u>	<u>\$ 521,954</u>	
Less accumulated depreciation	416,273	373,589	
	<u>\$ 1,553,378</u>	<u>\$ 148,365</u>	
Depreciation for the year ended: February 29, 2004	<u>\$ 40,719</u>	<u>\$ 18,760</u>	

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### Fiscal year and Budget definition

The Village charter establishes the fiscal year as the twelve-month period beginning March 1. The counsel's finance committee prepares a draft of the budget, which is then finalized by the full council. After a public hearing is held, the council adopts the budget legally.

Budgeted amounts are as originally adopted or as amended by the Village Council. The budget is on a basis that is consistent with generally accepted accounting principles, thus no reconciliation between the budget basis and GAAP basis is necessary.

In the body of the financial statements, the Village's budgeted and actual expenditures have been shown on a functional basis. The approved budgets of the Village for the budgetary funds were adopted to the functional level.

### Excess Village expenditures

During the year ended February 29, 2004, the village incurred expenditures that were in excess of the amounts appropriated as follows:

Fund	Total Appropriations	Amount of Expenditures and Operating Transfers Out	Over Budget
Major Street	\$ 148,100	\$ 183,542	\$ 35,442
Local Street	90,250	92,121	1,871
General	508,950	513,076	4,126

These conditions were in violation of Public Act 621 of 1978

### Deficit fund balances

Deficit fund balances or retained earnings balances of individual funds. There were no funds which had deficit fund balances or retained earnings balances as of February 29, 2004.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### Interfund Receivables

The amount of Interfund receivables and payables at February 29, 2004 are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General	\$ 37,695	Sanitation	\$ 3,883
		Local Street	4,682
		Major Street	1,484
		Equipment	27,646
SUBTOTAL	<u>\$ 37,695</u>		<u>\$ 37,695</u>
Equipment	\$ 12,585	Local Street	\$ 10,183
		Sanitation	\$ 2,402
SUBTOTAL	<u>\$ 12,585</u>		<u>\$ 12,585</u>
Water	\$ 3,543	General	\$ 3,543
SUBTOTAL	<u>\$ 3,543</u>	SUBTOTAL	<u>\$ 3,543</u>
Sanitation	\$ 163	Water	\$ 163
SUBTOTAL	<u>\$ 163</u>	SUBTOTAL	<u>\$ 163</u>
TOTALS	<u><u>\$ 53,986</u></u>		<u><u>\$ 53,986</u></u>

### NOTE G - PROPERTY TAX

Property taxes include amounts levied against all real and public utility property and tangible personal property that is used in businesses located in the Village. Taxes are levied on July 1 on the taxable value listed as of the prior January 1<sup>st</sup>. The due dates for taxes to be paid without penalty for the 2003 summer levy is September, 2003. All real property taxes remaining unpaid by October are bought by Houghton County. Property tax revenue is recognized as of July 1, when the taxes are levied. Any taxes recorded before the date is recorded as deferred revenue. Property taxes remaining uncollected sixty days after the end of the fiscal year are required to be recorded as deferred revenue in accordance with generally accepted accounting principles.

The Village Assessor establishes taxable values at 50% of appraised market value. The Village's tax rate applicable to 2003 was \$15.0196 on each \$1,000 of tax valuation applied to property with a Taxable Value of \$9,068,599.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### **NOTE H – OTHER ASSETS – RESTRICTED CASH**

This asset consists of cash in the Water Supply System Fund that is restricted for specific purposes. The Water System Improvement account contains funds raised from the sale of water to make additional improvements or if necessary bond payments. The general obligations limited tax water bond debt retirement account is used to accumulate funds to make repayments on the bonds.

**Supplemental Financial Information**



**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**General Fund**  
**Balance Sheets**

	February 29, 2004	As of February 28 2003
<b><u>Assets</u></b>		
Cash	\$ 51,227	\$ 150,962
Taxes receivable	16,869	25,892
Accounts receivable	9,934	6,405
Due from other governmental units	49,952	55,923
Inventories	4,385	7,455
Land held for development	30,178	31,357
Due from other funds:		
Local Street Fund	4,682	9,275
Major Street Fund	1,484	4,683
Water Supply System Fund	-	2,026
Sanitation Fund	3,883	-
Equipment Fund	27,646	6,315
Due from component unit	885	-
	<u>\$ 201,125</u>	<u>\$ 300,293</u>
<b><u>Liabilities</u></b>		
Accounts payable	\$ 21,985	\$ 7,594
Salaries payable	3,133	2,575
Due to other funds:		
Water	3,543	-
Due to component unit	-	-
Deferred revenue	16,869	25,892
	<u>\$ 45,530</u>	<u>\$ 36,061</u>
<b><u>Fund Balance</u></b>		
Reserved for:		
Inventories	\$ 4,385	\$ 7,455
Land for development	30,178	31,357
Unreserved	121,032	225,420
	<u>\$ 155,595</u>	<u>\$ 264,232</u>
	<u>\$ 201,125</u>	<u>\$ 300,293</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**GENERAL FUND**  
**Statements of Revenues, Expenditures and Fund Balance**  
**BUDGET AND ACTUAL**

	Year Ended February 29,			February 28
	2004			2003
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 96,050	\$ 98,105	\$ 2,055	\$ 85,472
State grants	155,700	151,290	(4,410)	190,921
Charges for services	23,000	27,394	4,394	33,741
Other revenue	82,730	87,650	4,920	79,368
<b>TOTAL REVENUES</b>	<b>\$ 357,480</b>	<b>\$ 364,439</b>	<b>\$ 6,959</b>	<b>\$ 389,502</b>
Expenditures:				
Legislative	\$ 6,400	\$ 6,407	\$ (7)	\$ 6,493
General government	81,700	74,396	7,304	72,074
Public safety	93,600	87,057	6,543	89,159
Public works	23,800	23,775	25	30,641
Recreation and culture	118,100	120,579	(2,479)	106,385
Other expenditures	185,350	200,862	(15,512)	224,112
<b>TOTAL EXPENDITURES</b>	<b>\$ 508,950</b>	<b>\$ 513,076</b>	<b>\$ (4,126)</b>	<b>\$ 528,864</b>
Excess of Revenues (Expenditures)	\$ (151,470)	\$ (148,637)	\$ 2,833	\$ (139,362)
Other financing sources:				
Operating transfers from other funds	\$ 45,000	\$ 30,000	\$ (15,000)	\$ 267,490
Operating transfers from component unit	10,000	10,000	-	15,000
Operating transfers to other funds	-	-	-	-
<b>TOTAL OTHER FINANCING       SOURCES (USES)</b>	<b>\$ 55,000</b>	<b>\$ 40,000</b>	<b>\$ (15,000)</b>	<b>\$ 282,490</b>
Excess of revenues and other sources (Expenditures and other uses)	\$ (96,470)	\$ (108,637)	\$ (12,167)	\$ 143,128
Fund balance beginning of year		264,232		121,104
<b>FUND BALANCE END OF YEAR</b>		<b>\$ 155,595</b>		<b>\$ 264,232</b>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

VILLAGE OF LAKE LINDEN, MICHIGAN

*Special Revenue Funds*

Combining Balance Sheets

AS OF FEBRUARY 29, 2004

WITH COMPARATIVE TOTALS FOR FEBRUARY 28, 2003

	Totals		Funds			
	(Memorandum Only)					
	2004	2003	Major Street	Local Street	Rehabilitation Investment	
<b><u>Assets</u></b>						
Cash	\$ 87,449	\$ 169,997	\$ 74,001	\$ 11,332	\$	2,116
Receivables						
(Net of allowances for doubtful accounts):						
Taxes	5,535	5,829	-	5,535	-	-
Due from other governmental units	21,361	20,521	16,215	5,146	-	-
Loans receivable from owner/occupants	823	823	-	-	-	-
Due from other funds	-	1,694	-	-	-	823
Due from component unit	368	-	368	-	-	-
	<u>\$ 115,536</u>	<u>\$ 198,864</u>	<u>\$ 90,584</u>	<u>\$ 22,013</u>	<u>\$ 2,939</u>	
<b><u>LIABILITIES</u></b>						
Accounts payable	\$ 234	\$ 53	\$ 234	\$	\$	-
Salaries payable	1,430	805	644	786	-	-
Due to other funds	16,349	13,958	1,484	14,865	-	-
Deferred revenue	5,535	5,829	-	5,535	-	-
	<u>\$ 23,548</u>	<u>\$ 20,645</u>	<u>\$ 2,362</u>	<u>\$ 21,186</u>	<u>\$</u>	
<b><u>FUND BALANCE (DEFICIT)</u></b>						
Reserved	\$ 823	\$ 823	\$	\$	\$	823
Unreserved	91,165	177,396	88,222	827	2,116	
	<u>\$ 91,988</u>	<u>\$ 178,219</u>	<u>\$ 88,222</u>	<u>\$ 827</u>	<u>\$ 2,939</u>	
	<u>\$ 115,536</u>	<u>\$ 198,864</u>	<u>\$ 90,584</u>	<u>\$ 22,013</u>	<u>\$ 2,939</u>	

\*\*The accompanying notes to financial statements are an integral part of this statement

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**SPECIAL REVENUE FUNDS**  
**Combining Statements of Revenues, Expenditures and Changes in Fund Balance**  
**YEAR ENDED FEBRUARY 29, 2004**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 28, 2003**

	Totals (Memorandum Only)		Funds			
	2004	2003	Major Street	Local Street	Rehabilitation Investment	
Revenues:						
Taxes						
State grants	\$ 46,517	\$ 43,411	\$ -	\$ 46,517	\$ -	
Interest and rents	111,790	109,930	66,265	45,525	-	
	<u>3,426</u>	<u>5,604</u>	<u>3,162</u>	<u>235</u>	<u>29</u>	
	\$ 161,733	\$ 158,945	\$ 69,427	\$ 92,277	\$ -	
<b>TOTAL REVENUES</b>						
Expenditures:						
General government	\$ 3,684	\$ 1,537	\$ 576	\$ 3,108	\$ -	
Streets:						
Construction						
Routine maintenance	119,673	27,427	99,739	19,934	-	
Traffic services	37,537	32,433	16,437	21,100	-	
Snow and ice control	3,714	463	2,882	832	-	
	<u>81,031</u>	<u>81,518</u>	<u>33,884</u>	<u>47,147</u>	<u>-</u>	
	\$ 245,639	\$ 143,378	\$ 153,518	\$ 92,121	\$ -	
<b>TOTAL EXPENDITURES</b>						
<b>EXCESS OF REVENUES (EXPENDITURES) NOT INCLUDING STATE TRUNKLINE MAINTENANCE</b>						
State trunkline maintenance	\$ (83,906)	\$ 15,567	\$ (84,091)	\$ 156	\$ 29	
Excess of revenues (expenditures)	(2,325)	(7,392)	(2,325)	-	-	
Other financing sources						
(Uses) - operating transfers in	-	13,453	-	-	-	
<b>EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)</b>						
Fund balance at beginning of year	\$ (86,231)	\$ 21,628	\$ (86,416)	\$ 156	\$ 29	
	<u>178,219</u>	<u>156,591</u>	<u>174,638</u>	<u>671</u>	<u>2,910</u>	
<b>FUND BALANCE (DEFICIT) END OF YEAR</b>	\$ 91,988	\$ 178,219	\$ 88,222	\$ 827	\$ 2,939	

**\*\*The accompanying notes to financial statements are an integral part of this statement**

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**Major Street Fund**  
**Balance Sheets**

	February 29, 2004	As of February 28 2003
<b><u>Assets</u></b>		
Cash Including \$63,581(2004) and \$164,020 (2003) in savings accounts	\$ 74,001	\$ 164,261
Due from other governmental units	16,215	15,560
Due from component unit	368	-
	<u>\$ 90,584</u>	<u>\$ 179,821</u>
<b><u>Liabilities</u></b>		
Accounts Payable	\$ 234	\$ 53
Salaries payable	644	447
Due to other Funds:		
General fund	1,484	4,683
	<u>\$ 2,362</u>	<u>\$ 5,183</u>
<b><u>Fund Balance</u></b>		
	88,222	174,638
	<u>\$ 90,584</u>	<u>\$ 179,821</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**MAJOR STREET FUND**  
**Statements of Revenues, Expenditures and Fund Balance**  
**BUDGET AND ACTUAL**

	Year Ended February 29,			February 28
	2004			2003
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
State shared revenues:				
Gas and weight tax	\$ 44,000	\$ 54,026	\$ 10,026	\$ 51,786
Local road program	1,600	1,845	245	1,851
Snow removal distribution	10,500	10,394	(106)	10,945
Intrest income	2,200	3,162	962	4,921
<b>TOTAL REVENUES</b>	<b>\$ 58,300</b>	<b>\$ 69,427</b>	<b>\$ 11,127</b>	<b>\$ 69,503</b>
Expenditures:				
Construction	\$ 98,200	\$ 99,739	\$ (1,539)	\$ -
Routine maintenance	16,100	16,437	(337)	8,445
Traffic service	2,900	2,882	18	-
Snow and ice control	30,300	33,884	(3,584)	31,209
Administration and engineering	600	576	24	857
<b>TOTAL EXPENDITURES</b>	<b>\$ 148,100</b>	<b>\$ 153,518</b>	<b>\$ (5,418)</b>	<b>\$ 40,511</b>
<b>EXCESS OF REVENUES (EXPENDITURES) NOT INCLUDING STATE TRUNKLINE MAINTENANCE</b>	<b>\$ (89,800)</b>	<b>\$ (84,091)</b>	<b>\$ 5,709</b>	<b>\$ 28,992</b>
State trunkline maintenance				
Excess of Revenues (Expenditures)	13,550	(2,325)	(15,875)	(7,392)
<b>EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)</b>	<b>\$ (76,250)</b>	<b>(86,416)</b>	<b>\$ (10,166)</b>	<b>21,600</b>
Fund Balance beginning of year		174,638		153,038
<b>FUND BALANCE, END OF YEAR</b>		<b>\$ 88,222</b>		<b>\$ 174,638</b>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**Local Street Fund**  
**Balance Sheets**

	February 29, 2004	As of February 28, 2003
<b><u>Assets</u></b>		
Cash Including \$10,715 (2004) and \$3080 (2003) in savings accounts	\$ 11,332	\$ 3,649
Delinquent taxes receivable	5,535	5,829
Due from other funds:		
Equipment	-	1,694
Due from other governmental units	5,146	4,961
	<u>\$ 22,013</u>	<u>\$ 16,133</u>
<b><u>Liabilities and Fund Balance</u></b>		
Salaries payable	\$ 786	\$ 358
Due to other Funds:		
General fund	4,682	9,275
Equipment fund	10,183	-
Deferred revenue	5,535	5,829
	<u>\$ 21,186</u>	<u>\$ 15,462</u>
 Fund balance	 827	 671
	<u>\$ 22,013</u>	<u>\$ 16,133</u>

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**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**LOCAL STREET FUND**  
**Statements of Revenues, Expenditures and Fund Balance**  
**BUDGET AND ACTUAL**

	Year Ended February 29,			February 28,
	2004			2003
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Current levy	\$ 34,500	\$ 30,538	\$ (3,962)	\$ 29,714
Delinquent taxes	-	4,812	4,812	3,815
County sources	11,200	11,167	(33)	9,882
State shared revenue:				
Gas and weight tax	22,000	26,709	4,709	25,553
Local road program	800	912	112	914
Snow removal distribution	21,650	17,904	(3,746)	18,881
Interest income	100	235	135	635
<b>TOTAL REVENUES</b>	<b>\$ 90,250</b>	<b>\$ 92,277</b>	<b>\$ 2,027</b>	<b>\$ 89,394</b>
Expenditures:				
Construction	\$ 18,600	\$ 19,934	\$ (1,334)	\$ 27,427
Routine maintenance	21,500	21,100	400	23,988
Traffic service	900	832	68	463
Snow and ice control	46,000	47,147	(1,147)	50,309
Administration and engineering	3,250	3,108	142	656
<b>TOTAL EXPENDITURES</b>	<b>\$ 90,250</b>	<b>\$ 92,121</b>	<b>\$ (1,871)</b>	<b>\$ 102,843</b>
<b>EXCESS OF REVENUES (EXPENDITURES)</b>	<b>\$ -</b>	<b>\$ 156</b>	<b>\$ 156</b>	<b>\$ (13,499)</b>
Other financing sources -				
Operating transfers in	\$ -	\$ -	\$ -	\$ 13,453
<b>EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)</b>	<b>\$ -</b>	<b>\$ 156</b>	<b>\$ 156</b>	<b>\$ 4</b>
Fund Balance beginning of year		671		667
<b>FUND BALANCE END OF YEAR</b>		<b>\$ 827</b>		<b>\$ 671</b>

*\*\*The accompanying notes to financial statements are an integral part of this statement*



**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**Rehabilitation Investment Fund**  
**Balance Sheets**

	February 29, 2004	As of February 28, 2003
<b><u>Assets</u></b>		
Current Assets:		
Cash Including \$2116 (2004) and \$2087 (2003) in savings accounts	\$ 2,116	\$ 2,087
Other Assets:		
Loans receivable from owners/occupants	823	823
	<u>\$ 2,939</u>	<u>\$ 2,910</u>
<b><u>Fund Balance</u></b>		
Reserved fund equity -		
For loans receivable from owner/occupants	\$ 823	\$ 823
Unreserved fund equity	2,116	2,087
	<u>\$ 2,939</u>	<u>\$ 2,910</u>
	<u>\$ 2,939</u>	<u>\$ 2,910</u>

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**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**REHABILITATION INVESTMENT FUND**  
**Statements of Revenues and Expenditures**  
**BUDGET AND ACTUAL**

	Year Ended February 29,		February 28	
	2004		2003	
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Interest on investments	\$ 180	\$ 29	\$ (151)	\$ 42
Owners/occupants loan interest payments	20	-	(20)	6
<b>TOTAL REVENUES</b>	<b>\$ 200</b>	<b>\$ 29</b>	<b>\$ (171)</b>	<b>\$ 48</b>
Expenditures:				
Loan payment collection fees	\$ -	\$ -	\$ -	\$ 24
Professional services	200	-	200	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 200</b>	<b>\$ -</b>	<b>\$ 200</b>	<b>\$ 24</b>
<b>EXCESS OF REVENUES AND (EXPENDITURES)</b>	<b>\$. -</b>	<b>\$ 29</b>	<b>\$ 29</b>	<b>\$ 24</b>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN  
REHABILITATION INVESTMENT FUND  
Statements of Changes in Fund Balance**

	Year Ended	
	February 29, 2004	February 28, 2003
<u>Reserved fund equity</u>		
Loans receivable from owners/occupants:		
Balance beginning of year	\$ 823	\$ 977
Less collections received in year	-	154
<i>BALANCE END OF YEAR</i>	<u>\$ 823</u>	<u>\$ 823</u>
<u>Unreserved fund equity</u>		
Balance beginning of year	\$ 2,087	\$ 1,909
Excess of revenues (Expenditures)	29	24
Add collections on loans received in year	-	154
<i>BALANCE END OF YEAR</i>	<u>\$ 2,116</u>	<u>\$ 2,087</u>
<i>TOTAL FUND BALANCE END OF YEAR</i>	<u>\$ 2,939</u>	<u>\$ 2,910</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**Special Sewer Assessment Fund**  
**Balance Sheets**

	As of	
	February 29, 2004	February 28, 2003
<b><u>Assets</u></b>		
Assessments receivable	\$ 22,741	\$ 29,366
<b><u>Liabilities</u></b>		
Due to other governmental units	\$ 22,741	\$ 29,366

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN  
SPECIAL SEWER ASSESSMENT FUND  
Statements of Revenues, Expenditures and Fund Balance  
BUDGET AND ACTUAL**

	Year Ended February 28,		February 28,
	2004		2003
	Budget	Actual	Favorable (Unfavorable)
Revenues:			Actual
Interest on special assessments	\$ 3,000	\$ 1,585	\$ (1,415)
Expenditures:			
Transfers to other governmental units-			
Houghton county board of public works -			
For debt retirement	\$ 3,000	\$ 1,585	\$ 1,415
Excess of Revenues (Expenditures)	\$ -	\$ -	\$ -
Fund Balance beginning of year		-	-
<b>FUND BALANCE END OF YEAR</b>		<u>\$ -</u>	<u>\$ -</u>

**\*\*The accompanying notes to financial statements are an integral part of this statement**

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**Enterprise Funds**  
**Combining Balance Sheets**  
**AS OF FEBRUARY 29, 2004**  
**WITH COMPARATIVE TOTALS AS OF FEBRUARY 28, 2003**

	Totals	(Memorandum Only)	Funds	
	2004	2003	Water Supply System	Sanitation
<b><u>Assets</u></b>				
<b><u>Current Assets</u></b>				
Cash	\$ 10,177	\$ 21,105	\$ 9,025	\$ 1,152
Accounts receivable	31,220	34,327	27,165	4,055
Inventories	10,452	11,952	6,377	4,075
Due from other funds	3,706	-	3,543	163
Due from component unit	70	-	70	-
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 55,625</b>	<b>\$ 67,384</b>	<b>\$ 46,180</b>	<b>\$ 9,445</b>
<b><u>Property, Plant and Equipment</u></b>				
Land	\$ 11,793	\$ 11,793	\$ 11,793	\$ -
Buildings, plant and equipment	1,957,858	1,932,109	1,957,858	-
Less accumulated depreciation	(416,273)	(375,554)	(416,273)	-
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>\$ 1,553,378</b>	<b>\$ 1,568,348</b>	<b>\$ 1,553,378</b>	<b>\$ -</b>
<b><u>Other Assets</u></b>				
Restricted cash	\$ 25,165	\$ 95,787	\$ 25,165	\$ -
	<b>\$ 1,634,168</b>	<b>\$ 1,731,519</b>	<b>\$ 1,624,723</b>	<b>\$ 9,445</b>
<b><u>Liabilities and Fund Equity</u></b>				
<b><u>Current Liabilities</u></b>				
Accounts and retainage payable	\$ 3,944	\$ 22,622	\$ 2,496	\$ 1,448
Salaries payable	296	1,331	126	170
Interest payable	11,927	12,086	11,927	-
Due to other funds	6,448	14,137	163	6,285
Current maturities on bonds payable	30,000	30,000	30,000	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 52,615</b>	<b>\$ 80,176</b>	<b>\$ 44,712</b>	<b>\$ 7,903</b>
<b><u>Long-Term Debt</u></b>				
Bonds payable -				
Net of current maturities	\$ 1,115,000	\$ 1,145,000	\$ 1,115,000	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 1,167,615</b>	<b>\$ 1,225,176</b>	<b>\$ 1,159,712</b>	<b>\$ 7,903</b>
<b><u>Fund Equity</u></b>				
Contributed capital	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Retained earnings	446,553	486,343	445,011	1,542
	<b>\$ 466,533</b>	<b>\$ 506,343</b>	<b>\$ 465,011</b>	<b>\$ 1,542</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,634,168</b>	<b>\$ 1,731,519</b>	<b>\$ 1,624,723</b>	<b>\$ 9,445</b>

**\*\*The accompanying notes to financial statements are an integral part of this statement**

# VILLAGE OF LAKE LINDEN, MICHIGAN

## ENTERPRISE FUNDS

### Combining Statements of Revenues and Expenses

YEAR ENDED FEBRUARY 29, 2004

### WITH COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 28, 2003

	Totals		Funds	
	(Memorandum Only)		Water Supply System	Sanitation
	2004	2003		
Operating revenues:				
Utility revenues	\$ 138,037	\$ 146,758	\$ 138,037	\$ -
Sanitation revenues	46,694	55,364	-	46,694
	<u>\$ 184,731</u>	<u>\$ 202,122</u>	<u>\$ 138,037</u>	<u>\$ 46,694</u>
Operating expenses:				
Operating expenses less depreciation	\$ 167,891	\$ 126,188	\$ 110,626	\$ 57,265
Depreciation	40,719	40,204	40,719	-
	<u>\$ 208,610</u>	<u>\$ 166,392</u>	<u>\$ 151,345</u>	<u>\$ 57,265</u>
	<u>\$ (23,879)</u>	<u>\$ 35,730</u>	<u>\$ (13,308)</u>	<u>\$ (10,571)</u>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>				
Non operating revenues -				
Interest income	\$ 1,010	\$ 4,422	\$ 1,010	\$ -
Non operating expenses -				
Interest expense	\$ 29,032	\$ 28,268	\$ 29,032	\$ -
Other financing sources (uses):				
Operating transfers in	\$ 12,111	\$ 14,682	\$ -	\$ 12,111
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 12,111</u>	<u>\$ 14,682</u>	<u>\$ -</u>	<u>\$ 12,111</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES</b>				
<b>(EXPENSES AND OTHER USES)</b>	<u>\$ (39,790)</u>	<u>\$ 26,566</u>	<u>\$ (41,330)</u>	<u>\$ 1,540</u>

\*\*The accompanying notes to financial statements are an integral part of this statement

**VILLAGE OF LAKE LINDEN, MICHIGAN  
ENTERPRISE FUNDS**

**Combining Analysis of Changes in Fund Equity  
YEAR ENDED FEBRUARY 29, 2004**

**WITH COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 28, 2003**

	Totals (Memorandum Only)		Funds	
	2004	2003	Water Supply System	Sanitation
<u>Contributed Capital</u>				
Capital grants beginning of year	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
<u>Retained Earnings</u>				
Beginning of year	\$ 486,343	\$ 459,777	\$ 486,341	\$ 2
Add net income (loss) for the year	(39,790)	26,566	(41,330)	1,540
<b>RETAINED EARNINGS END OF YEAR</b>	<u>\$ 446,553</u>	<u>\$ 486,343</u>	<u>\$ 445,011</u>	<u>\$ 1,542</u>
<b>FUND EQUITY (DEFICIT), END OF YEAR</b>	<u>\$ 466,553</u>	<u>\$ 506,343</u>	<u>\$ 465,011</u>	<u>\$ 1,542</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*



**VILLAGE OF LAKE LINDEN, MICHIGAN  
ENTERPRISE FUNDS**

**Combining Statements of Cash Flows  
YEAR ENDED FEBRUARY 29, 2004**

**WITH COMPARATIVE TOTALS FOR YEAR ENDED FEBRUARY 28, 2003**

	Totals (Memorandum Only)		Funds	
	2004	2003	Water Supply System	Sanitation
Cash flows from operating activities:				
Net income	\$ (23,879)	\$ 35,730	\$ (13,308)	\$ (10,571)
Noncash expense – Depreciation	40,719	40,204	40,719	-
(Increase) decrease in:				
Accounts receivable	3,107	(2,871)	(491)	3,598
Inventory	1,500	5,113	532	968
Restricted cash	70,622	16,785	70,622	-
(Decrease) increase in:				
Accounts and retainage payable	(18,678)	(10,549)	(16,366)	(2,312)
Accrued salaries	(1,035)	840	(1,015)	(20)
Interest payable	(159)	1,960	(159)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 72,197	\$ 87,212	\$ 80,534	\$ (8,337)
Net cash flows from investing activities:				
Acquisitions of fixed assets	\$ (25,749)	\$ (94,840)	\$ (25,749)	\$ -
Interest income	1,010	4,422	1,010	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	\$ (24,739)	\$ (90,418)	\$ (24,739)	\$ -
Cash flows from noncapital financing activities:				
(Increase) Decrease in due from other funds & component unit	\$ (9,439)	\$ -	\$ (3,613)	\$ (5,826)
Increase (Decrease) in due to other funds	(2,026)	(28,688)	(1,863)	(163)
Operating transfers in (out)	12,111	14,682	-	12,111
NET CASH FLOWS FROM NONCAPITAL ACTIVITIES	\$ 646	\$ (14,006)	\$ (5,476)	\$ 6,122
Cash flows from capital financing and related activities:				
Interest expense	\$ (29,032)	\$ (28,268)	\$ (29,032)	\$ -
Bond proceeds	-	67,401	-	-
Reduction of long term debt	(30,000)	(25,000)	(30,000)	-
NET CASH FLOWS FROM CAPITAL FINANCING AND RELATED ACTIVITIES	\$ (59,032)	\$ 14,133	\$ (59,032)	\$ -
NET INCREASE (DECREASE) IN CASH	\$ (10,928)	\$ (3,079)	\$ (8,713)	\$ (2,215)
Cash beginning of year	21,105	24,184	17,738	3,367
CASH END OF YEAR	\$ 10,177	\$ 21,105	\$ 9,025	\$ 1,152

**\*\*The accompanying notes to financial statements are an integral part of this statement**

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**Water Supply System Fund**  
**Balance Sheets**

		As of	
		February 29, 2004	February 28, 2003
<b>Assets</b>			
<u>Current Assets</u>			
Cash	\$	9,025	\$ 17,738
Accounts receivable		27,165	26,674
Inventory of supplies		6,377	6,909
Due from component unit		70	-
Due from general fund		3,543	-
<b>TOTAL CURRENT ASSETS</b>	<b>\$</b>	<b>46,180</b>	<b>\$ 51,321</b>
<u>Property, Plant and Equipment</u>			
Property, Plant and Equipment	\$	1,969,651	\$ 1,943,902
Less accumulated depreciation		(416,273)	(375,554)
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>\$</b>	<b>1,553,378</b>	<b>\$ 1,568,348</b>
<u>Other assets</u>			
Restricted cash:			
Water project construction account	\$	-	\$ 30,679
Water system improvement account		15,387	65,036
General obligations limited tax			
Water bond debt retirement account		9,778	72
<b>TOTAL OTHER ASSETS</b>	<b>\$</b>	<b>25,165</b>	<b>\$ 95,787</b>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>1,624,723</b>	<b>\$ 1,715,456</b>
<b>Liabilities and Fund Equity</b>			
<u>Current Liabilities</u>			
Accounts and retainage payable	\$	2,496	\$ 18,862
Salaries payable		126	1,141
Interest payable		11,927	12,086
Due to other funds:			
General fund		-	2,026
Sanitation fund		163	-
Current maturities on bonds payable		30,000	30,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$</b>	<b>44,712</b>	<b>\$ 64,115</b>
<u>Long Term Debt</u>			
Bonds payable net of current maturities	\$	1,115,000	\$ 1,145,000
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>1,159,712</b>	<b>\$ 1,209,115</b>
<u>Fund Equity</u>			
Contributed capital	\$	20,000	\$ 20,000
Retained earnings		445,011	486,341
<b>TOTAL FUND EQUITY</b>	<b>\$</b>	<b>465,011</b>	<b>\$ 506,341</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$</b>	<b>1,624,723</b>	<b>\$ 1,715,456</b>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN  
WATER SUPPLY SYSTEM FUND  
Statements of Revenues and Expenses  
BUDGET AND ACTUAL**

	Year Ended February 29, 2004			February 28, 2003
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues:				
Sale of water	\$ 152,700	\$ 136,030	\$ (16,670)	\$ 143,700
Connection fees and service fees	2,000	2,007	7	1,310
State grant	-	-	-	-
Other	9,850	-	(9,850)	1,748
	<u>\$ 164,550</u>	<u>\$ 138,037</u>	<u>\$ (26,513)</u>	<u>\$ 146,758</u>
Operating Expenditures:				
Salaries and wages	\$ 38,250	\$ 34,237	\$ 4,013	\$ 22,565
Utilities	10,300	10,459	(159)	5,816
Supplies and materials	600	3,853	(3,253)	2,640
Equipment rental	22,700	19,569	3,131	8,403
Fringe benefits	22,000	29,487	(7,487)	17,779
Professional services	2,100	1,735	365	2,324
Office supplies	1,600	1,765	(165)	3,848
Depreciation	-	40,719	(40,719)	40,204
Repairs and maintenance	4,300	7,881	(3,581)	-
Other	60,500	1,640	58,860	1,031
	<u>\$ 162,350</u>	<u>\$ 151,345</u>	<u>\$ 11,005</u>	<u>\$ 104,610</u>
<b>NET INCOME (LOSS)         FROM OPERATIONS</b>	<u>\$ 2,200</u>	<u>\$ (13,308)</u>	<u>\$ (15,508)</u>	<u>\$ 42,148</u>
Non operating revenues:				
Interest income	\$ 200	\$ 1,010	\$ 810	\$ 4,422
Non operating expenses:				
Interest expense	\$ 2,400	29,032	(26,632)	28,268
<b>NET NON OPERATING         INCOME</b>	<u>\$ -</u>	<u>\$ (28,022)</u>	<u>\$ (25,822)</u>	<u>\$ (23,846)</u>
Other financial services:				
Operation transfers in	\$ -	\$ -	\$ -	\$ 13,082
<b>NET INCOME</b>	<u>\$ -</u>	<u>\$ (41,330)</u>	<u>\$ (41,330)</u>	<u>\$ 31,384</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN  
WATER SUPPLY SYSTEM FUND  
Analysis of Changes in Fund Equity**

	Year Ended February 29,	February 28,
	2004	2003
<b><u>Contributed Capital</u></b>		
Residual equity contributions -		
Balance beginning of year	\$ 20,000	\$ 20,000
<b><u>Retained Earnings</u></b>		
Retained earnings, beginning of year	\$ 486,341	\$ 454,957
Add - Net income (loss) for the year	(41,330)	31,384
<b>RETAINED EARNINGS END OF YEAR</b>	<b>\$ 445,011</b>	<b>\$ 486,341</b>
<b>FUND EQUITY END OF YEAR</b>	<b>\$ 465,011</b>	<b>\$ 506,341</b>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN  
WATER SUPPLY SYSTEM FUND  
Statements of Cash Flows**

	<u>Year Ended</u>	
	<u>February 29, 2004</u>	<u>February 28, 2003</u>
Cash flows from operating activities:		
Net income (loss) from operations	\$ (13,308)	\$ 42,148
Noncash expenses, revenues, losses, and gains included in income –		
Depreciation	40,719	40,204
(Increase) decrease in:		
Accounts receivable	(491)	(478)
Inventory	532	6,593
Restricted cash	70,622	16,785
(Decrease) increase in:		
Accounts and retainage payable	(16,366)	(12,821)
Accrued salaries	(1,015)	868
Interest payable	(159)	1,960
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 80,534</u>	<u>\$ 95,259</u>
Cash flows from investing activities:		
Acquisition of fixed assets	\$ (25,749)	\$ (94,840)
Interest income	1,010	4,422
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>\$ (24,739)</u>	<u>\$ (90,418)</u>
Cash flows from noncapital financing activities:		
(Increase) decrease in due from other funds and component unit	\$ (3,613)	\$ -
Increase (decrease) in due to other funds	(1,863)	(33,611)
Operation transfers from other funds	-	13,082
<b>NET CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>	<u>\$ (5,476)</u>	<u>\$ (20,529)</u>
Cash flows from capital financing and related financing activities:		
Interest expense	\$ (29,032)	\$ (28,268)
Bond proceeds	-	67,401
Bond principal repayments	(30,000)	(25,000)
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>\$ (59,032)</u>	<u>\$ 14,133</u>
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	<u>\$ (8,713)</u>	<u>\$ (1,555)</u>
Cash, beginning of year	<u>17,738</u>	<u>19,293</u>
<b>CASH END OF YEAR</b>	<u><u>\$ 9,025</u></u>	<u><u>\$ 17,738</u></u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**Sanitation Fund**  
**Balance Sheets**

	<u>February 29,</u> <u>2004</u>	<u>As of</u> <u>February 28,</u> <u>2003</u>
<b>Assets</b>		
<u>Current Assets</u>		
Cash	\$ 1,152	\$ 3,367
Accounts receivable*	4,055	7,653
Inventory and supplies	4,075	5,043
Due from Water Fund	163	-
	<u>\$ 9,445</u>	<u>\$ 16,063</u>
<b>Liabilities and Equity</b>		
<u>Current Liabilities</u>		
Accounts payable	1,448	3,760
Salaries payable	170	190
<u>Due to other funds</u>		
General fund	3,883	-
Equipment fund	2,402	12,111
	<u>\$ 7,903</u>	<u>\$ 16,061</u>
<u>Fund Equity</u>		
Retained earnings	\$ 1,542	\$ 2
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 9,445</u></u>	<u><u>\$ 16,063</u></u>

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**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**SANITATION FUND**  
**Statements of Revenues, Expenses and Changes in RETAINED EARNINGS**  
**BUDGET AND ACTUAL**

	Year Ended February 29,			February 28,
	2004			2003
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues:				
Garbage bag fees	\$ 21,200	\$ 21,901	\$ 701	\$ 25,250
Annual fees	19,000	17,425	(1,575)	22,494
Dumpster collection fees	6,750	7,230	480	7,225
Other	1,000	138	(862)	395
	<u>\$ 47,950</u>	<u>\$ 46,694</u>	<u>\$ (1,256)</u>	<u>\$ 55,364</u>
Operating expenses:				
Wages	\$ 9,900	\$ 9,811	\$ 89	\$ 11,824
Fringe benefits	7,500	8,178	(678)	8,480
Equipment rental	2,000	8,132	(6,132)	11,732
Supplies	6,500	7,478	(978)	5,214
Office supplies	300	320	(20)	33
Tipping fees	21,100	22,539	(1,439)	23,004
Other	650	807	(157)	1,495
	<u>\$ 47,950</u>	<u>\$ 57,265</u>	<u>\$ (9,315)</u>	<u>\$ 61,782</u>
NET INCOME (LOSS) FROM OPERATIONS	\$ -	\$ (10,571)	\$ (10,571)	\$ (6,418)
Other financing sources -				
Operating transfers in	-	12,111	12,111	1,600
NET INCOME	\$ -	\$ 1,540	\$ 1,540	\$ (4,818)
Retained Earnings beginning of year	-	2	2	4,820
RETAINED EARNINGS END OF YEAR	<u>\$ -</u>	<u>\$ 1,542</u>	<u>\$ 1,542</u>	<u>\$ 2</u>

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**VILLAGE OF LAKE LINDEN, MICHIGAN  
SANITATION FUND  
Statements of Cash Flows**

	<u>Year Ended</u>	
	<u>February 29, 2004</u>	<u>February 28, 2003</u>
Cash flows from operating activities:		
Net income (loss)	\$ (10,571)	\$ (6,418)
<i>(Increase) decrease in:</i>		
Accounts receivable	3,598	(2,393)
Inventory	968	(1,480)
<i>(Decrease) increase in:</i>		
Accounts payable	(2,312)	2,272
Salaries payable	(20)	(28)
<b>NET CASH FLOWS FROM       OPERATING ACTIVITIES</b>	<u>\$ (8,337)</u>	<u>\$ (8,047)</u>
Cash flows from noncapital financing activities:		
Change in:		
Due to other funds	\$ (5,826)	\$ 4,923
Due from other funds	(163)	-
Operating transfers in	<u>12,111</u>	<u>1,600</u>
<b>NET CASH FLOWS FROM NONCAPITAL     FINANCING ACTIVITIES</b>	<u>\$ 6,122</u>	<u>\$ 6,523</u>
Increase (decrease) in cash during the year	\$ (2,215)	\$ (1,524)
Cash beginning of year	<u>3,367</u>	<u>4,891</u>
<b>CASH END OF YEAR</b>	<u><u>\$ 1,152</u></u>	<u><u>\$ 3,367</u></u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*



**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**Equipment Fund**  
**Balance Sheets**

	As of	
	February 29, 2004	February 28, 2003
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash including \$96,293 (2004) and \$71,345 (2003) in savings accounts	\$ 106,365	\$ 88,762
Due from other funds:		
Sanitation fund	2,402	12,111
Local Street fund	10,183	-
Prepaid expense	2,615	2,615
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 121,565</b>	<b>\$ 103,488</b>
<b><u>Property, Plant and Equipment</u></b>		
Equipment	\$ 521,954	\$ 501,368
Less accumulated depreciation	(373,589)	(377,194)
	<b>\$ 148,365</b>	<b>\$ 124,174</b>
	<b>\$ 269,930</b>	<b>\$ 227,662</b>
<b><u>Liabilities and Equity</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 2,360	\$ 2,570
Salaries payable	275	227
Interest payable	-	180
Due to Local street fund	-	1,694
Due to General fund	27,646	6,315
Current maturities on contract payable	-	10,648
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 30,281</b>	<b>\$ 21,634</b>
<b><u>Long Term Debt</u></b>		
Contract payable		
net of current maturities	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Fund Equity</u></b>		
Contributed capital	\$ 40,347	\$ 40,347
Retained earnings	199,302	165,681
<b>TOTAL FUND EQUITY</b>	<b>\$ 239,649</b>	<b>\$ 206,028</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 269,930</b>	<b>\$ 227,662</b>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN  
EQUIPMENT FUND  
Statements of Revenues and Expenses  
BUDGET AND ACTUAL**

	Year Ended February 29,			February 28,
	2004			2003
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating revenues:				
Equipment rentals	\$ 130,000	\$ 141,805	\$ 11,805	\$ 157,414
Other	3,900	3,838	(62)	318
	<u>\$ 133,900</u>	<u>\$ 145,643</u>	<u>\$ 11,743</u>	<u>\$ 157,732</u>
Operating expenses:				
Salaries and wages	\$ 11,800	\$ 11,771	\$ 29	\$ 12,315
Operating supplies	9,250	9,517	(267)	11,475
Repairs and maintenance	12,200	14,202	(2,002)	17,826
Fringe benefits	8,900	9,754	(854)	9,335
Depreciation	22,000	18,760	3,240	20,284
Insurance	-	5,230	(5,230)	5,230
Professional services	800	790	10	850
Other	3,150	538	2,612	343
	<u>\$ 68,100</u>	<u>\$ 70,562</u>	<u>\$ (2,462)</u>	<u>\$ 77,658</u>
<b>NET INCOME (LOSS)     FROM OPERATIONS</b>	<b>\$ 65,800</b>	<b>\$ 75,081</b>	<b>\$ 9,281</b>	<b>\$ 80,074</b>
Non-Operating Revenues:				
Interest income	650	948	298	1,412
Non-Operating Expenses:				
Interest expense	-	297	(297)	(996)
<b>EXCESS OF REVENUES</b>	<b>\$ 66,450</b>	<b>\$ 75,732</b>	<b>\$ 9,282</b>	<b>\$ 80,490</b>
Other financing sources				
(Uses) - Operating transfers out	\$ 45,000	\$ 42,111	\$ 2,889	\$ (294,222)
<b>NET INCOME</b>	<b>\$ 21,450</b>	<b>\$ 33,621</b>	<b>\$ 12,171</b>	<b>\$ (213,732)</b>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**EQUIPMENT FUND**  
**Analysis of Changes in Fund Equity**

	<u>Year Ended</u>	
	<u>February 29,</u>	<u>February 28,</u>
	<u>2004</u>	<u>2003</u>
<b><u>Contributed Capital</u></b>		
Residual equity contributions		
Balance beginning of year	\$ 40,347	\$ 40,347
<b><u>Retained Earnings</u></b>		
Balance beginning of year	\$ 165,681	\$ 379,413
Net income (Loss)	33,621	(213,732)
	<u>\$ 199,302</u>	<u>\$ 165,681</u>
<b>FUND EQUITY END OF YEAR</b>	<u><u>\$ 239,649</u></u>	<u><u>\$ 206,028</u></u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**EQUIPMENT FUND**  
**Statements of Cash Flows**

	<u>Year Ended</u>	
	<u>February 29, 2004</u>	<u>February 28, 2003</u>
Cash flows from operating activities:		
Net income (loss) from operations	\$ 75,081	\$ 80,074
Noncash expenses, revenues, losses and gains included in income-		
Depreciation	18,760	20,284
(Increase) decrease in Accounts receivable	-	242
(Decrease) increase in Interest payable	(180)	(172)
Accounts payable	(210)	1,418
Salaries payable	48	104
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 93,499</u>	<u>\$ 101,950</u>
Cash flows from investing activities:		
Acquisition of equipment	\$ (42,951)	\$ (17,800)
Interest income	948	1,412
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>\$ (42,003)</u>	<u>\$ (16,388)</u>
Cash flows from noncapital financing activities:		
(Increase) decrease in due from other funds	\$ (474)	\$ 148,362
Increase (decrease) in due to other funds	19,637	(10,683)
Operating transfers out	(42,111)	(294,222)
<b>NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<u>\$ (22,948)</u>	<u>\$ (156,543)</u>
Cash flows from capital financing and related financing activities:		
Reduction of long-term debt	\$ (10,648)	\$ (10,024)
Interest expense	(297)	(996)
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>\$ (10,945)</u>	<u>\$ (11,020)</u>
Increase (decrease) in cash during year	\$ 17,603	\$ (82,001)
Cash beginning of year	<u>88,762</u>	<u>170,763</u>
<b>CASH END OF YEAR</b>	<u><u>\$ 106,365</u></u>	<u><u>\$ 88,762</u></u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**General Fixed Assets Group of Accounts**  
**Statements of General Fixed Assets**

	<u>February 29,</u> <u>2004</u>	<u>As of</u> <u>February 28,</u> <u>2003</u>
<u>General fixed assets</u>		
Land, buildings and improvements	\$ 390,868	\$ 364,430
Improvements other than buildings	369,866	351,095
	<u>\$ 760,734</u>	<u>\$ 715,525</u>
<u>Investment in general fixed assets</u>		
General and other funds	\$ 433,517	\$ 427,047
Downtown Development Authority donations	59,541	47,241
Federal and State grants	267,676	241,237
	<u>\$ 760,734</u>	<u>\$ 715,525</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN  
GENERAL LONG-TERM DEBT GROUP OF ACCOUNTS  
Statements of General Long-Term Debt**

	February 29, 2004	As of February 28, 2003
<u>Amount to be provided for the retirement of general long-term debt</u>		
Amount to be provided for the payment of accrued compensated absences	<u>\$ 46,500</u>	<u>\$ 51,493</u>
<u>General long-term debt payable</u>		
Accrued compensated absences payable	<u>\$ 46,500</u>	<u>\$ 51,493</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

VILLAGE OF LAKE LINDEN, MICHIGAN  
DOWNTOWN DEVELOPMENT AUTHORITY  
A DISCRETELY PRESENTED COMPONENT UNIT  
Balance Sheets

	<u>As of</u>	
	<u>February 29,</u> 2004	<u>February 28,</u> 2003
<b><u>Assets</u></b>		
Cash Includes \$11,216 (2004) and \$17,373 (2003) in savings accounts	\$ 27,960	\$ 45,175
Due from other governmental units	-	1,125
	<u>\$ 27,960</u>	<u>\$ 46,300</u>
<b><u>Liabilities</u></b>		
Due to primary government	\$ 1,323	\$ -
<b><u>Fund Balance</u></b>		
Fund balance	\$ 26,637	\$ 46,300
	<u>\$ 27,960</u>	<u>\$ 46,300</u>

**\*\*The accompanying notes to financial statements are an integral part of this statement**

**VILLAGE OF LAKE LINDEN, MICHIGAN  
DOWNTOWN DEVELOPMENT AUTHORITY  
A DISCRETELY PRESENTED COMPONENT UNIT  
Statements of Revenues, Expenditures and Changes in Fund Balance  
BUDGET AND ACTUAL**

	Year Ended February 29, 2004		February 28, 2003
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Taxes	\$ 22,000	\$ 23,767	\$ 1,767
State grants	-	-	-
Interest and miscellaneous	7,500	1,364	(6,136)
	<u>\$ 29,500</u>	<u>\$ 25,131</u>	<u>\$ (4,369)</u>
TOTAL REVENUES			
Expenditures:			
Administration and planning	\$ -	\$ 437	\$ (437)
Capital projects	34,500	33,107	1,393
Grants	-	-	-
Miscellaneous	5,000	1,250	3,750
	<u>\$ 39,500</u>	<u>\$ 34,794</u>	<u>\$ 4,706</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES (EXPENDITURES)	\$ (10,000)	\$ (9,663)	\$ 337
Other financing sources			
(Uses) - Transfers to primary government	\$ -	\$ (10,000)	\$ (10,000)
EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)	\$ (10,000)	\$ (19,663)	\$ (9,663)
Fund balance beginning of year	46,300	46,300	-
FUND BALANCE END OF YEAR	<u>\$ 36,300</u>	<u>\$ 26,637</u>	<u>\$ (9,663)</u>
			<u>\$ 46,300</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*



**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**General Fund**  
**Schedules of Revenues**

	<u>Year Ended</u>	
	<u>February 29, 2004</u>	<u>February 28, 2003</u>
Taxes:		
General property taxes	\$ 88,320	\$ 83,773
Housing commision property payment in lieu of taxes	8,336	-
Collection fees	1,449	1,699
	<u>\$ 98,105</u>	<u>\$ 85,472</u>
State grants:		
Sales tax	\$ 140,258	\$ 156,379
Liquor license	1,475	1,436
Grants	9,557	33,106
	<u>\$ 151,290</u>	<u>\$ 190,921</u>
Charges for services:		
Fire protection	\$ 10,847	\$ 11,181
Sales and services	3,043	7,927
Park revenues	13,504	14,633
	<u>\$ 27,394</u>	<u>\$ 33,741</u>
Other revenue:		
Fringe reimbursements	\$ 75,768	\$ 67,255
State trunkline overhead	3,491	3,201
Miscellaneous	8,391	8,912
	<u>\$ 87,650</u>	<u>\$ 79,368</u>
Other financing sources:		
Operating transfers from other funds	\$ 30,000	\$ 267,490
Operating transfers from component unit	10,000	15,000
	<u>\$ 40,000</u>	<u>\$ 282,490</u>
<b>TOTAL REVENUES</b>	<u>\$ 404,439</u>	<u>\$ 671,992</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**GENERAL FUND**  
**Schedules of Expenditures**

	<u>Year Ended</u>	
	<u>February 29,</u> <u>2004</u>	<u>February 28,</u> <u>2003</u>
Legislative -- Village Council:		
Salaries	\$ 3,600	\$ 3,600
Travel and meetings	-	-
Miscellaneous	2,807	2,893
<b>TOTAL LEGISLATIVE</b>	<u>\$ 6,407</u>	<u>\$ 6,493</u>
General government:		
Executive:		
Salaries	\$ 1,500	\$ 1,500
Travel, meetings and miscellaneous	699	1,098
	<u>\$ 2,199</u>	<u>\$ 2,598</u>
Elections:		
Salaries	\$ 16	\$ 525
Operating supplies	69	4
Miscellaneous	241	204
	<u>\$ 326</u>	<u>\$ 733</u>
Clerk:		
Salaries	\$ 32,351	\$ 28,617
Professional services	6,461	14,121
Office supplies	2,797	2,054
Telephone and internet	2,508	2,619
Capital outlay	5,150	-
Miscellaneous	1,058	991
	<u>\$ 50,325</u>	<u>\$ 48,402</u>
Treasurer:		
Salaries and fees	\$ 2,956	\$ 2,921
Office supplies	814	812
Capital outlay	709	-
Miscellaneous	100	14
	<u>\$ 4,579</u>	<u>\$ 3,747</u>
Village hall:		
Salaries	\$ 2,688	\$ 3,046
Repairs and maintenance	1,382	5,052
Utilities	6,948	4,413
Heating	5,315	3,697
Capital outlay	-	-
Miscellaneous	634	386
	<u>\$ 16,967</u>	<u>\$ 16,594</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>\$ 74,396</u>	<u>\$ 72,074</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

# GENERAL FUND – SCHEDULES OF EXPENDITURES (CONTINUED)

	Year Ended	
	February 29, 2004	February 28, 2003
Public safety:		
Law enforcement:		
Salaries	\$ 62,115	\$ 64,570
Repairs and maintenance	633	1,608
Office supplies	1,283	115
Uniform allowance	-	371
Equipment rental	3,986	308
Capital Outlay	611	5,259
Miscellaneous	2,893	1,572
	<u>\$ 71,521</u>	<u>\$ 73,803</u>
Fire control:		
Salaries	\$ 5,658	\$ 5,249
Repairs and maintenance	4,985	4,273
Equipment rental	1,415	2,020
Capital outlay	-	1,515
Miscellaneous	3,478	2,299
	<u>\$ 15,536</u>	<u>\$ 15,356</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>\$ 87,057</u>	<u>\$ 89,159</u>
Public works:		
Sidewalks:		
Salaries	\$ 2,067	\$ 1,781
Supplies and materials	770	-
Equipment rental	583	3,709
Miscellaneous	75	1,726
	<u>\$ 3,495</u>	<u>\$ 7,216</u>
Street lighting:		
Utilities	<u>\$ 16,433</u>	<u>\$ 16,054</u>
Parking lot:		
Salaries	\$ 2,718	\$ 2,354
Equipment rental	1,129	4,754
Miscellaneous	-	263
	<u>\$ 3,847</u>	<u>\$ 7,371</u>
<b>TOTAL PUBLIC WORKS</b>	<u>\$ 23,775</u>	<u>\$ 30,641</u>
Recreation and culture:		
Salaries	\$ 14,033	\$ 11,255
Repairs and maintenance	918	5,139
Utilities	5,441	3,158
Equipment rentals	853	13,867
Professional services	70,231	6,883
Capital outlay	26,439	61,830
Miscellaneous	2,664	4,253
<b>TOTAL RECREATION AND CULTURE</b>	<u>\$ 120,579</u>	<u>\$ 106,385</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

## GENERAL FUND – SCHEDULES OF EXPENDITURES (CONTINUED)

	<u>Year Ended</u>	
	<u>February 29, 2004</u>	<u>February 28, 2003</u>
Other expenditures:		
Sand and salt stock piles (Including shrinkage)	\$ 1,827	\$ 1,284
Employee benefits:		
Payroll taxes	\$ 21,114	\$ 21,286
Holiday pay	6,208	7,194
Sick pay	11,168	18,962
Vacation pay	16,094	13,296
Pension plan	24,556	22,486
Hospital insurance	71,080	86,039
Uniforms and licenses	538	664
Personal days	717	2,371
	<u>\$ 151,475</u>	<u>\$ 172,298</u>
Insurance:		
Workers' compensation	\$ 4,473	\$ 6,842
Other	20,693	16,783
	<u>\$ 25,166</u>	<u>\$ 23,625</u>
Miscellaneous:		
Salaries	\$ 8,654	\$ 2,757
Repairs and maintenance	-	286
Equipment rental	776	1,030
Capital outlay	-	-
Other	12,964	22,832
	<u>\$ 22,394</u>	<u>\$ 26,905</u>
TOTAL OTHER EXPENDITURES	<u>\$ 200,862</u>	<u>\$ 224,112</u>
Other financing uses --		
Operating transfers out -- Other funds	\$ -	\$ -
TOTAL EXPENDITURES	<u>\$ 513,076</u>	<u>\$ 528,864</u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**VILLAGE OF LAKE LINDEN, MICHIGAN**  
**Major Street Fund**  
**Schedules of Expenditures and Reimbursements**  
**FOR STATE TRUNKLINE MAINTENANCE**

	<u>Year Ended</u>	
	<u>February 29,</u>	<u>February 28,</u>
	<u>2004</u>	<u>2003</u>
Expenditures:		
Surface maintenance	\$ 3,739	\$ 2,531
Drainage	125	866
Sweeping and flushing	1,445	1,405
Snow and ice control	10,588	14,363
Traffic signs and signals	177	551
Roadway inspection	748	137
Shoulder maintenance	-	-
M-26 overhead charges	2,630	3,201
Other winter maintenance -- Snow removal	10,572	9,194
	<u>\$ 30,024</u>	<u>\$ 32,248</u>
Reimbursements:		
State Department of Highway and Transportation	\$ 27,699	\$ 24,856
<b>EXCESS OF REVENUES (EXPENDITURES)</b>	<u><u>\$ (2,325)</u></u>	<u><u>\$ (7,392)</u></u>

*\*\*The accompanying notes to financial statements are an integral part of this statement*

**Jutila, Jorgenson and Associates, P.C.**

P.O. Box 175

Houghton, Michigan 49931

July 9, 2004

Village Council  
Village of Lake Linden  
Lake Linden, Michigan 49945

**Independent Auditor's Report on Compliance and on Internal Control Over  
Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards**

We have audited the financial statements of the VILLAGE OF LAKE LINDEN, MICHIGAN as of and for the year ended February 29, 2004 and February 28, 2003 and have issued our report thereon dated July 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

***Compliance***

As part of obtaining reasonable assurance about whether the VILLAGE OF LAKE LINDEN, MICHIGAN'S financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the VILLAGE OF LAKE LINDEN, MICHIGAN in a separate letter dated July 9, 2004.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the VILLAGE OF LAKE LINDEN, MICHIGAN'S internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider being material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the VILLAGE OF LAKE LINDEN, MICHIGAN in a separate letter dated July 9, 2004. This report is intended for the information of the Village Council, management, and state awarding agencies. However, this report is a matter of public record and its distribution is not limited.

*Michael J. Jutila, C.P.A.*

Michael J. Jutila  
Certified Public Accountant  
Jutila, Jorgenson & Associates, P.C.

**Jutila, Jorgenson and Associates, P.C.**

P.O. Box 175

Houghton, Michigan 49931

July 9, 2004

Village Council  
Village of Lake Linden  
Lake Linden, Michigan 49945

**Management Letter**

In connection with our audit of the general purpose financial statements of the VILLAGE OF LAKE LINDEN, MICHIGAN for the year ended February 29, 2004, the following comments and recommendations concerning accounting procedures and controls in effect in the Village are presented for your consideration.

1. We suggest the use of an accounts receivable subsidiary ledger for each fund and recommend that these ledgers be tied out to the related general ledger balance on a monthly basis.
2. We noted that expenditures and transfers out exceeded appropriations in three funds. We urge the Council to take steps to avoid such excess spending by comparing expenditures and budgets throughout the year. In some instances, it may be necessary to decrease budgeted expenditures to match decreases in anticipated revenue in order to achieve a balanced budget. All budgetary type funds should have a budget enacted before expenditures are made.
3. Additionally, we recommend that physical inventories be taken on a regular basis and compared with financial records. Discrepancies should be noted and investigated.

These comments have appeared in previous years' reports.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the February 29, 2004 financial statements, and this report does not affect our report on the financial statements dated July 9, 2004.

This report is intended solely for the use of management and should not be used for any other purpose. The comments contained herein are submitted as constructive suggestions to assist the Village in strengthening controls and procedures, and are not intended to reflect upon the honesty or integrity of any employee.



We would be happy to discuss any of the comments in this report, and would like to thank the officials and employees of the Village for the courtesy and cooperation shown us during our audit.

*Michael J. Jutila, CPA.*

Michael J. Jutila  
Certified Public Accountant  
Jutila, Jorgenson & Associates, P.C.